

Message Text

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ACTION AF-06

INFO OCT-01 ISO-00 EUR-12 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-03

USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00

FRB-03 XMB-02 OPIC-03 LAB-04 SIL-01 PA-01 PRS-01 /112 W

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FM AMEMBASSY ADDIS ABABA

TO SECSTATE WASHDC 5369

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E.O. 11652: N/A

TAGS: ENGR

SUBJECT: WHITESTONE INTERNATIONAL: PARTNER DECIDES TO WITHDRAW
FROM OIL EXPLORATION ACTIVITIES

1. HAROLD DUBUSSON, SENIOR EXECUTIVE OF WHITESTONE INTERNATIONAL, CALLED ON THE EMBASSY JULY 9 TO REPORT THAT ITS PARTNER, LOUISIANA LAND AND EXPLORATION (LLE) COMPANY, HAS DECIDED TO WITHDRAW FROM PETROLEUM EXPLORATION ACTIVITY IN ETHIOPIA. LLE'S LEGAL GROUNDS FOR THIS STEP ARE BASED ON THE ETHIOPIAN GOVERNMENT'S NATIONALIZATION PROCLAMATION WHICH, IN LLE'S VIEW, INVALIDATES THE ORIGINAL AGREEMENT. DUBUSSON BELIEVES THAT LLE, WHICH HAS 75 PERCENT OF THE JOINT VENTURE, MADE THIS DECISION BECAUSE IT IS MORE DOUBTFUL ABOUT THE GEOLOGY OF THE WHITESTONE CONCESSION THAT WHITESTONE IS AND BECAUSE OF THE UNCERTAIN POLITICAL SITUATION IN ETHIOPIA. IN ADDITION, WHITESTONE AND LLE HAD PLANNED TO FIND A PARTNER WHEN THEIR WORK REACHED THE DRILLING STAGE AND NOW LLE IS HIGHLY SKEPTICAL THAT A PARTNER CAN BE FOUND. DUBUSSON STATED THAT WHITESTONE WILL CONTINUE WITH ITS WORK WHILE ACTIVELY SEEKING ANOTHER PARTNER TO REPLACE LLE.

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2. DURING DUBUSSON'S FIRST MEETING WITH OFFICIALS OF THE

MINISTRY OF MINES TO EXPLAIN THE NEW SITUATION, THEY EXPRESSED GREAT CONCERN AND UNHAPPINESS ABOUT THIS DEVELOPMENT AND POINTED OUT THAT THEY HAD RECENTLY CHANGED THE NATIONALIZATION PROCLAMATION TO MEET WHITESTONE'S WISHES (SEE ADDIS 7938). IN A SUBSEQUENT MEETING A FEW DAYS LATER, MINISTRY OFFICIALS TOOK THE POSITION THAT SINCE THE PROCLAMATION HAD BEEN CHANGED AND SINCE THE GOVERNMENT HAD DECIDED THAT IT WOULD NOT PARTICIPATE IN THE WHITESTONE VENTURE, LLE HAD NO GROUNDS FOR WITHDRAWING. DUBUSSION, WHO IS NOT EMPOWERED TO ACT FOR LLE, HAS PASSED ON THIS INFORMATION TO LLE'S HEADQUARTERS. HE IS NOT CERTAIN AS TO WHAT COURSE LLE WILL FOLLOW IN LIGHT OF EPMG'S POSITION, BUT HE BELIEVES THAT THEY ARE VERY SERIOUS ABOUT WITHDRAWING FROM ETHIOPIA.

HUMMEL

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Message Attributes

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